

COUNCIL ON HOUSING  
Public Session  
Buena Vista Conference Center  
New Castle, Delaware  
November 8, 2006

**ACTION ITEMS**

- **Hurd's Crossing**
- **Middletown Trace Apartments**
- **Follow-up on Council on Housing Retreat**

On November 8, 2006, Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 12:26 p.m. A motion was made by Mr. Walker to move into Executive Session at 2:30 p.m. Seconded by Ms. Zumsteg, the motion carried unanimously. The Executive Session adjourned at 2:59 p.m, at which time the Public Session resumed. In addition to Ms. Harkins, the following Council members were present:

Connie Louder  
Constance McCarthy  
Joseph McDonough  
Ruth Sokolowski  
John Walker  
Norma Zumsteg

The following Council members were absent and excused from the meeting:

Fernando Guajardo  
Vincent White

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP  
Saundra Johnson, Director, DSHA  
Catherine Gregory, Deputy Director, DSHA  
Tonya Burbage, Administrative Specialist III, DSHA  
Matthew Heckles, Executive Assistant, DSHA  
Jerry Jones, Housing Finance/Development Administrator, DSHA  
H. James Loescher, Housing Project/Loan Manager, DSHA  
Corinne Todd-Grieve, Housing Project/Loan Manager, DSHA

Guests present:

John Gorlich, Leon N. Weiner & Associates

Michael Skipper, WSFS  
Dr. Pamela Leland, University of Delaware  
Russ Huxtable, Milford Housing Development Corp.

#### APPROVAL OF MINUTES

A motion was made by Mr. McDonough to approve the Public Session minutes of the October 2006 meeting as amended. Seconded by Mr. Walker, the motion passed.

A motion was made by Ms. Zumsteg to approve the August 2006 Council on Housing retreat minutes as amended. Seconded by Ms. Louder, the motion passed.

#### 2006 LOW INCOME HOUSING TAX CREDITS SUMMARY

- Mr. Jones provided summary information on the 2006 Low Income Housing Tax Credits. Mr. Jones stated about \$11 million has been funded this year in HDF and HOME funds which includes four developments. Mr. Jones mentioned the Tax Credit application received from Shipley Lofts does not require HDF or HOME financing, only tax credits.
- Hurd's Crossing - Using the attached handouts, Mr. Jones provided the Council with a brief update on Hurd's Crossing. Mr. Jones stated that Milford Housing Development Corp. (MHDC) is one of the most successful non-profit developers in Kent/Sussex Counties that DSHA has worked with. Mr. Jones stated MHDC received a 0% loan for the development's land from DSHA with the understanding they had to develop the property within five years and if not, the land would be turned over to DSHA. Mr. Jones stated that MHDC will act as the contractor for the development. Mr. Jones stated the Loan Review Committee had some concerns about MHDC acting as contractor and Mr. Jones explained to the Committee that releases of liens, bonding, contractor's retainage and numerous inspections by various parties would assure quality construction and fiscal oversight.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 348 (copy attached). A motion was made by Mr. Walker to approve the resolution as presented. Seconded by Ms. Zumsteg and abstained by Ms. Sokolowski, the motion passed.

- Middletown Trace - Using the attached handouts, Mr. Jones provided the Council with a brief update on Middletown Trace. Mr. Jones stated that this financing is

acquisition/preservation but did not qualify for tax credit preservation funding as defined in the application since the subsidy is not expiring shortly. Mr. Jones stated that Middletown Trace was constructed in 1983 and DSHA would like to preserve such developments as much as possible. Mr. Jones stated that there were not enough tax credits in 2006 to fully fund this site, so this development will receive a forward commitment of 2007 credits to make it work.

Ms. Sokolowski asked why the development did not qualify for preservation. Mr. Jones responded that DSHA has a preservation set-aside in the Tax Credit Allocation Plan and to qualify the development had to have expiring subsidy within two years and Middletown Trace did not qualify.

Mr. McDonough asked if a tenant earns more will they pay market rate rent and full utilities. Mr. Jones responded yes.

Ms. Sokolowski asked if the current owners would receive proceeds of the sale. Mr. Jones responded that a portion of the sale proceeds go to the current owners as described in the presentation.

Ms. Sokolowski asked if the Limited Partners gets paid off. Mr. Gorlich responded yes, the seller (Middletown Associates) and the General Partner would realize certain percentages of the proceeds from the sale but the transaction would have to be approved by the Limited Partners.

Ms. Sokolowski asked why the tax credits are only 88 cents on the dollar for this development. Mr. Jones responded it depends on the equity market and the parties involved, such as non-profits. Mr. Gorlich added the amount is actually above 88 cents to cover the various fees DSHA charges and to fund the required reserves. Ms. Gregory added anything above the 88 cents after fees and escrows are funded is paid to DSHA to reduce the HDF financing.

Ms. Harkins asked if any of the current tenants would be displaced. Mr. Gorlich responded no, the new ownership will leave units vacant as rehabilitation occurs and rotate tenants into rehabilitated units.

DSHA is recommending approval of the sponsor's request. The Council reviewed Resolution No. 349 (copy attached). A motion was made by Ms. McCarthy to approve the resolution as presented. Seconded by Ms. Louder and abstained by Ms. Zumsteg, the motion passed.

Council on Housing Retreat Follow-up by Dr. Pamela Leland - Dr. Leland asked the Council members about what they see as Council's role going forward:

- The following questions and comments were asked by Council members:
  - Mr. McDonough wanted to be clear on the Council's purpose as an advisory council and the composition of the Council to achieve that purpose.
  - Mr. Walker stated that he would like to know more about the loan underwriting before the projects go to the Loan Review Committee.
  - Ms. Zumsteg asked about clarifying Council's current role as there seems to be some misconceptions.
  - The Council members agreed they would like more public involvement and education such as: how to build a constituent base for affordable housing, clarification of Council's role with the public, how to help consumers have a voice of support for affordable housing, educating decision makers and marketing issues (information on the web). They also agreed on the need to promote and encourage affordable housing.
  - Ms. Sokolowski stated that young people needed to be educated about credit and how to maintain credit for buying power to purchase a home.
  - Ms. Johnson stated she felt the education component was also necessary for the legislature and also have a group or committee meet on a regular basis to educate the citizens in Delaware on housing.
  - Mr. Walker asked if there was anything more DSHA could do to inform housing advocates of the monthly Council meetings. Ms. Johnson stated she wanted to make sure the Council was not getting involved in operational activities but policy issues.
  - Ms. Harkins asked if two statewide meetings a year was enough for the public to be aware of affordable housing issues.
  - Ms. Johnson stated that anyone can be nominated to Council. The application for nominees goes to the

Governor's office staff for review on a monthly basis for those committees/boards that need appointments. A presentation is made to the Governor and the Governor has the final say on the nominations.

- Dr. Leland asked Ms. Sokolowski how would she describe the Council in one sentence. Ms. Sokolowski responded, the Council is to encourage the state to address the affordable housing needs of the residents of Delaware by advising the Governor, the legislature and staff. Ms. Zumsteg added, the Council is a major force behind the creation of affordable housing for persons of low to moderate income and for keeping the public informed of the importance and understanding of the affordable housing demand. Ms. McCarthy added she felt that Council's role was to be advisors to state government and the housing staff.
- Ms. Harkins stated she felt that anyone wanting to serve as a Council member should have a passion for the housing need and dedication to affordable housing.
- Ms. Sokolowski stated she would like to see the Council have subcommittee structure to include policy, advocacy, education and governance.
- Mr. McGonigle stated that Council needs to decide what role they want to have with respect to policy and then depending on that, a subcommittee would be the implementation instrument. If that is the case, there may be need for some changes to the current by-laws.
- Dr. Leland will circulate a summation of the discussion prior to the December meeting.
- Ms. Sokolowski stated that members should discuss this matter at the December meeting. Ms. Harkins stated that the December meeting was fairly full because of the holiday luncheon and the Council has financing business to discuss. Mr. Jones added that two grant requests would be presented in December.
- Mr. McGonigle stated since some Council members felt the need to advocate in front of the general assembly, then a by-law change would be necessary and that requires special notice provisions and a two-thirds vote from the members. Ms. Sokolowski made a motion to actively pursue the possibility of changing the current Council

By-laws. Seconded by Mr. Walker, the motion carried unanimously. Mr. McGonigle will draft some proposed verbiage for Council's review.

Director's Report by Saundra Johnson - Ms. Johnson gave the Council members an update of items since the last Council meeting:

- Ms. Johnson stated that she will meet with the Governor's staff on November 16, 2006 to review the HDF budget request and the main focus would be preservation of subsidized sites and homelessness in Delaware.
- Ms. Johnson stated that DSHA's budget hearing is scheduled for November 21, 2006 at 10:00 a.m. in the Senate's chambers. Ms. Harkins asked all Council members to attend to show support and strength for the need of additional funds for affordable housing. Mr. McDonough asked if the budget committee likes people from the public to speak. Mr. Jones stated yes and there were several people that spoke on behalf of affordable housing in the past such as the Roundtable group and non-profit groups.
- Ms. Johnson stated that the new 40-year mortgages were moving. These mortgages save about \$150 per month on an average first-time homebuyer loan.

#### OLD/NEW BUSINESS

- Mr. McGonigle stated there were two reasons for an Executive session. The first one is for issues that may go to litigation and the second is for personnel matters.
- Mr. Jones handed out the letter for the Governor so the Council members could sign it.
- Mr. McDonough asked if there was going to be any discussion at the December meeting in regards to the retreat results. Ms. Harkins responded that there would be discussion on advocacy and adding it to the by-laws at the December meeting. Ms. Johnson stated that if advocacy is put into the by-laws, it may be ineffective since it is not legislative.
- Mr. McGonigle stated if Council has a change they think they would like to make to the by-laws to include advocacy, Ms. Johnson could check with the Governor to see if she would have any objections. Ms. Harkins stated that group should wait until next month to vote to determine if there are any changes that should be made in the by-laws.

- Ms. Gregory stated that Mr. Skipper supports the basic policies of the Council and felt that the meetings were moving in a positive direction. Mr. Skipper felt that Council should be involved with DSHA policies for housing.
- Ms. Harkins thanked the members that attended the dedication services for Ingleside Homes and Speakman Place last month. Ms. Harkins also thanked Mr. McDonough for being on the interview panel with DSHA for the new Needs Assessment.
- Ms. Sokolowski asked if there was any further discussion for having Council representation on the Roundtable group. Ms. Johnson responded that she met with the group and there was discussion about how the group could further the agenda for strategies on the affordable housing needs and how the group could get the information to DSHA and the Council by opening more lines of communication.
- Ms. Harkins stated she has not had a response in setting up an appointment with the Governor to discuss housing needs. Mr. McDonough asked what is the purpose of the meeting. Ms. Harkins responded to go over Council's letter to the Governor and discuss housing issues. Once a time has been confirmed, Ms. Harkins will let the members know.
- Ms. Gregory stated she had a meeting with Mike Skipper and Ken Smith to go over DSHA's priorities. The pair inquired about DSHA's policy papers and how the policies are designed.
- Ms. Harkins stated she will contact Fernando Guajardo to see if he wishes to continue as a Council member.

#### SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, December 13, 2006 at 10:30 a.m. in Wilmington at Columbus Inn. Lunch will be served at noon.

#### ADJOURNMENT

A motion was made by Mr. Walker to adjourn the Public Session at 3:16 p.m. Seconded by Ms. Zumsteg, the motion carried unanimously.

Respectfully submitted,

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Tonya A. Burbage